

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2747 - Monitor Vending Machines (LSB 6614 HV)

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Fiscal Note Version - New

Description

House File 2747 amends SF 2330 (Touch Play Machine Bill) if enacted, by extending the time that monitor vending machines acquired by the enactment date of HF 2747 can be offered to the public through August 31, 2006. The excise tax established in SF 2330 will not go into effect until September 1, 2006.

Background

Senate File 2330 prohibits the use of the Iowa Lottery's monitor vending machines and specifies that the machines can only be offered to the public for 45 days after the enactment of the Bill. The Bill establishes an excise tax on net monitor vending machine revenue receipts of 65.0% at the end of the 45-day period.

Assumptions

1. There are approximately 6,000 monitor vending machines on retail premises being offered to the public.
2. The machines are currently generating approximately \$5.2 million per week in net revenue.
3. The State receives 24.0% (\$1.2 million) per week for the remainder of FY 2006 and the private sector partners divide the remaining \$4.0 million based on contractual agreements between them. In FY 2007, the State share increases to 27.0%.
4. The estimate assumes no additional machines will be deployed after March 31.

Fiscal Impact

If HF 2747 is enacted, the State will receive an estimated \$40.0 million for FY 2006 and \$10 - \$12.0 million for the first two months of FY 2007. The private sector will receive an estimated \$127.0 million for FY 2006 and \$23.3 - \$30.0 million for the first two months of FY 2007.

Additional Information

Assuming the effective date of SF 2330 is prior to March 31, 2006, the impact of HF 2747 and SF 2330 on the General Fund is summarized in the following table. The estimate assumes that no additional machines will be deployed after March 31.

General Fund Impact

(\$ in millions)

| | Current Law (no ban) | SF 2330 Ban 45 days after enactment | HF 2747 Ban on 09/01/2006 |
|----------------------|-------------------------------------|----------------------------------------------------|------------------------------------------|
| FY 2006 | | | |
| July 1 - May 13 | \$25.0 - \$30.0 | \$25.0 - \$30.0 | \$25.0 - \$30.0 |
| May 13 - June 30 | \$5.0 - \$10.0 | 0 | \$5.0 - \$10.0 |
| Total FY 2006 | <u>\$30.0 - \$40.0</u> | <u>\$25.0 - \$30.0</u> | <u>\$30.0 - \$40.0</u> |
| | | | |
| Total FY 2007 | <u>\$60.0</u> | <u>0</u> | <u>\$10 - \$12</u> |

Source

Iowa Lottery
Legislative Services Agency

/s/ Holly M. Lyons

March 15, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
